



Labor & Economic Briefing

David C. Hollister, Director

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Here is a summary of headlining accomplishments from the last month:

Creating & Retaining More than 8,600 Jobs

Governor Granholm Announces Creation and Retention of More Than 8,600 Jobs: Governor Granholm announced nine major new corporate expansions and relocations at press conferences in Battle Creek, Lansing and Detroit on May 18, receiving extensive state and national attention. The nine projects, secured as a result of assistance offered by the Michigan Economic Development Corporation (MEDC) through the MEGA program, are expected to create and retain more than 8,600 Michigan jobs and spur more than \$90 million in private investment:

■ **Benteler Automotive Corporation (Grand Rapids):** The company will use brownfield tax credits to expand its operations in Grand Rapids, retaining 370 manufacturing jobs. Benteler Automotive Corporation is a wholly owned subsidiary of Benteler AG, Germany. The tier one automotive supplier manufactures safety and structural components, chassis, exhaust systems and tubular components.

■ **Dawn Food Products (Leoni Township, near Jackson):** The company plans to consolidate and expand its Michigan headquarters in Leoni Township near Jackson, resulting in the creation of 401 new jobs, including 110 direct jobs by the company. The company, which chose Michigan over northern Ohio, manufactures and distributes high-quality baking supplies including ready-to-bake and ready-to-sell products to the baking industry worldwide. A wholly owned subsidiary of Dawn Foods, one of the world's largest full-service, family-owned baking industry suppliers, the company is headquartered in Jackson and currently has 274 employees in Michigan.



Governor Jennifer M. Granholm was joined by the Keebler Elf and Tony the Tiger at the Battle Creek announcement that nine companies, including the Kellogg Company, are expanding or locating in the state.

■ **General Dynamics Land Systems (Sterling Heights):** The company has chosen Sterling Heights over potential sites in Florida and South Carolina to expand its R&D operations. The expansion will result in the creation of 325 new jobs and an additional 180 spin-off jobs over the life of the credit. General Dynamics Land Systems is the defense industry's largest supplier of armored military vehicles. A subsidiary of General Dynamics based in Falls Church, Virginia, the company is a market leader in land and amphibious combat systems, headquartered in Sterling Heights with more than 2,000 employees in Michigan.

■ **Jatco USA (Wixom):** A subsidiary of Japan-based Jatco Ltd., the world's largest manufacturer of automotive continuously variable transmissions, Jatco USA will invest \$11.9 million in a new 76,000-square-foot headquarters and engineering center. The expansion will create 75 jobs in the first year, and a total of 212 jobs by 2012. All 43 current employees at Wixom will be transferred to the new facility. The company currently manufactures transmissions for eight Japanese automakers, including Nissan and Mitsubishi, plus 20 other overseas companies. Wixom competed against Bowling Green, Kentucky for the expansion.

■ **Kellogg Company (Battle Creek):** The company plans to relocate its U.S. Snacks business unit to Battle Creek, resulting in the addition of 538 jobs, including 300 directly by the company. A Single Business Tax credit worth approximately \$3.7 million over the next five years, combined with local assistance and the prospect of a Michigan Agricultural Renaissance Zone, helped convince Kellogg to invest \$3.2 million to relocate the unit to Michigan from Elmhurst, Illinois.



**Governor
Jennifer M.
Granholm**

■ **Michigan Packaging Company (Mason):** The company plans to expand operations in Mason. Michigan Packaging, a manufacturer of corrugated paper sheets, began operations in 1967 in Eaton Rapids and doubled its capacity in 1995 with construction of a new facility in Mason. The expansion will retain a total of 105 jobs directly as well as an additional 122 indirect jobs as a result of increased economic activity.

■ **Quicken Loans/Rock Financial (Troy):** The company plans to expand its Michigan operations in Troy, resulting in the creation of 1,200 new jobs and an additional 4,695 spin-off jobs over the next four years. The company had considered locating the \$29.1 million expansion at a number of competing sites in Nevada. Quicken Loans Inc., which consists of Quicken Loans, Rock Financial and Title Source, is the leading provider of home loans on the Internet. Headquartered in Livonia, the company currently has more than 1,700 Michigan employees.

■ **RLP Technologies (RLPT) (Farmington Hills):** The wholly owned research and development subsidiary company of R.L. Polk & Co. will open a new facility in Farmington Hills specializing in building industry-leading data warehouses and the tools and applications to mine intelligence from data. The project will create 50 jobs in the first year and a total of 142 over five years.

■ **TG North America (Troy):** The tier one supplier of safety systems, body sealing, fuel systems and other components to the automotive industry, plans to relocate to another facility in Troy, doubling its usable space. TGNA's expansion will retain its 186 full-time employees, add as many as 200 new employees, and create 193 indirect jobs over the next five years. The new facility will continue to serve as the North American headquarters for its parent company, Toyoda Gosei Co. Ltd. of Japan. Its R&D and customer product engineering activities include advanced development of safety systems products and application engineering to support light emitting diode technology for U.S. automotive companies.

Fostering Vibrant Michigan Cities and Urban Centers

Governor Granholm Designates 20 Projects for Cool Cities Pilot Program: Governor Jennifer M. Granholm announced on June 2 that 20 Cool Cities pilot projects will receive catalyst grants of up to \$100,000 and will have access to more than \$100 million in state grants, loans, and other resources. The initiative, designed to help foster the development of vibrant, attractive cities and urban centers, is part of Governor Granholm's economic development plan for Michigan. The projects receiving grants are located in **Alpena, Bay City, Detroit, Ferndale, Flint, Grand Rapids, Jackson, Kalamazoo, Marquette, Port Huron, Portland, Saginaw, Saugatuck, Sault Ste. Marie, Traverse City, Warren and Ypsilanti**. "Building vibrant, energetic cities is essential to attracting jobs, people, and opportunity to our state," said Granholm. "If Michigan is to be competitive in the 21st century economy, we have to attract new businesses and retain the highly-educated, talented young people who are crucial to building and sustaining businesses in today's global marketplace. I'm thrilled about the potential of these projects and the positive impact they will have on their communities and the economic vitality of our state." Each grant recipient will receive a catalyst grant of up to \$100,000



as well as access to a "resource toolbox" that includes more than 75 of the state's community improvement grants, loan programs and assistance programs. Together, this "resource toolbox" and the catalyst grants leverage millions of existing dollars that are now being strategically directed to revitalization projects that present the best opportunity for success. "One of the most exciting aspects of the Cool Cities grant selection process is that it involved a historic level of collaboration at both the state and local level," said David Hollister, director of the Department of Labor & Economic Growth (DLEG). "Whether you are talking to a member of one of the 143 cities with a local Cool City Advisory Group or a state team member from one of the 14 participating departments, people agree that this initiative has demonstrated an unprecedented level of teamwork and cooperation." More than 150 applications from 112 Michigan cities were submitted for the Cool Cities pilot program. A multi-agency team reviewed each project, looking for those that demonstrated close partnerships with existing community organizations and the private sector and offered plans for creating large-scale neighborhood or community improvement. Those submitting projects not designated as part of this pilot program have been invited to attend an educational and training session in Lansing in August. They will have the opportunity to meet with representatives from DLEG, the Michigan Economic Development Corporation (MEDC), and the 14 participating state departments to discuss how they can improve their applications for the next round of grants and determine what other resources might be available to them from the state's resource toolbox.



Gov. Granholm announced Cool Cities Pilot Program grant recipients at the Eastern Market in Detroit.

Blueprints for Michigan's Downtowns Program Kicks Off 2nd Year: The MEDC, in partnership with the Michigan State Housing Development Authority and the Michigan Municipal League, has launched the second year of the competitive grant program Blueprints for Michigan's Downtowns. The program complements Governor Granholm's goal of creating dynamic communities for the 21st century and is designed to assist downtown leaders with formulating a comprehensive action plan that addresses economic development challenges and encourages downtown economic growth. Through a competitive application process, it is anticipated that 10 communities will be chosen to receive funding to work with the MEDC and HyettPalma, a national downtown consulting firm, to formulate their downtown economic development action agendas. Applications are due to the MEDC on July 9, 2004. The selected downtown communities will be announced in September.

Creating New Investments & Job Opportunities

SBT Credits Spur Brownfield Redevelopment: Single Business Tax credits offered through the Michigan Economic Development Corporation will help redevelopment of brownfield sites in Mason, Wayne, and Macomb Counties, spurring more than \$23.1 million in private investment. The incentives will be used to restore the following sites in Scottville, Taylor and Warren:

- **Diversified Natural Products Inc.** plans to invest more than \$9.1 million to redevelop a vacant, contaminated site in the city of Scottville to accommodate a morel mushroom production facility. The 51.6-acre site located at 506 State Street will benefit from a brownfield credit valued at \$750,000 for site preparation. Mason County will further support the project by capturing approximately \$350,000 in local taxes for environmental clean-up and demolition. The project is expected to create 51 new jobs.

- **Taylor Pardee Associates LLC** will use a \$915,256 credit to help redevelop blighted property in Taylor. Located at the corner of Pardee and Goddard, the site will be redeveloped into 75 townhouse units targeted at first-time home buyers. The city has provided a \$575,000 bond for infrastructure necessary for the project and approved the capture of \$1.2 million in local taxes for demolition of existing buildings. The project will spur more than \$9.1 million in private investment.

- **Twin Oaks Network LLC** plans to utilize a \$650,000 credit to redevelop contaminated property in the Warren Renaissance Zone, formerly the Warren Tank Plant, in Warren. The company will invest \$6.5 million to construct a 68,150-square-foot building. A portion of the structure will house the southeast Michigan offices of the Michigan Department of Environmental Quality. Additional space will be available for lease to private businesses.

MEDC Helps Five Michigan Communities Create 229 New Jobs: The Michigan Economic Development Corporation (MEDC) recently announced more than \$1.3 million in Community Development Block Grant funding that will lead to the creation of 229 new jobs in five Michigan communities. The village of Dexter, Ingham County, Marquette County, Port Huron Charter Township and the City of Yale were offered grants and loans to fund public infrastructure improvements and facilitate job creation. The projects are expected to spur more than \$3.5 million in private investment. In her 2004 State of the State address, Governor Granholm announced a focused seven-point plan for economic growth. So far this year, the Governor and the MEDC have announced the creation or retention of approximately 5,638 jobs as a result of targeted assistance provided by the MEDC. The following projects were announced:

- The village of Dexter plans to utilize a \$219,164 grant to construct a parking lot near the corner of Alpine and Main streets to facilitate the development of a private mixed-use commercial and office facility. Dexter is contributing \$123,796 to the project, which is expected to create \$1.8 million in private investment and 22 new jobs.

- Ingham County has been offered a \$500,000 performance-based loan to make it possible for Neogen to consolidate and expand its operations in Lansing instead of at a competing site in Chicago. Neogen is a leader in the development and manufacture of food safety products for the livestock industry. The project is expected to create 50 new jobs.

- Marquette County will use a \$350,000 performance-based loan to help facilitate a new production plant for San Diego-based B3 Computers. The new facility will be located within the Marquette County Renaissance Zone at the former K.I. Sawyer Air Force Base. The company is expected to create 110 high-tech jobs.

- Port Huron Charter Township has been offered \$150,000 to help construct a public parking lot for the expansion of Mapal Aaro Inc. The cutting tool manufacturer plans to invest \$1.5 million in the project. The funding will also help provide training resources for 85 current and 35 new employees.

- The city of Yale plans to use a \$117,500 grant to make water, sewer and roadway improvements necessary for construction of a new manufacturing plant for Dexter Roll Form Company. The company plans to create 12 new jobs and invest \$235,000 in the new facility. The city of Yale will also contribute \$35,500 to offset the infrastructure costs.

New Law Expands Flexibility of MEGA Program: Governor Granholm joined plant workers, company executives and local officials at the Federal-Mogul facility in Greenville to sign laws that will allow more flexibility in one of the state's most effective business incentive programs. Legislation signed by the governor amends the Michigan Economic Growth Authority (MEGA) Act to allow companies to count multiple job locations in consideration for the tax credit. Administered through the Michigan Economic Development Corporation (MEDC), the MEGA program has the authority to award Single Business Tax credits as incentives to companies choosing to grow in Michigan over competing sites in other states and countries. Over the past eight years, the program has been instrumental in attracting 196 major new economic development projects and more than 100,000 new jobs to Michigan. The statutory changes will greatly strengthen Michigan's efforts to retain existing workers in Michigan, including those at Federal-Mogul. The company recently announced that it may cease operations at one or both of its plants in St. Johns and Greenville to relocate where operating costs are significantly lower, potentially eliminating up to 800 jobs. The new law will enable the MEDC to develop an incentive package anchored by a MEGA tax credit to encourage Federal-Mogul to keep its operations and jobs in Michigan. In addition to assisting with Federal-Mogul, the law will greatly enhance the MEDC's future ability to retain Michigan jobs. Until this amendment, the MEGA statute required a company to retain a minimum of 500 jobs at a single Michigan location to be eligible for the credit. As a result, companies with a total of more than 500 workers spread across more than one Michigan location, but not all at a single site, were not eligible. Key changes expected to benefit Federal-Mogul and other Michigan companies that maintain multiple locations in the state include:

- Jobs at multiple sites of a business or its subsidiaries may now be included in the job count.
- The minimum number of jobs retained at a single site is lowered to 150 from 500, with at least 1,000 total jobs at multiple Michigan locations.
- An exemption is allowed from the current requirement for the host community to provide a contribution, usually in the form of a tax abatement. This enables companies with multiple sites to receive a local contribution at some but not all of its sites to help lighten the burden of foregone taxes on the host communities.

New Chief Legal Counsel Joins MEDC: James R. Lancaster Jr. has been appointed to serve as MEDC senior vice president and chief legal counsel, effective May 1. He will report directly to MEDC President and CEO Don Jakeway. Jakeway said the new chief legal counsel's regulatory background makes him an especially good fit with the local economic development priorities and issues that the MEDC works with on a regular basis. Lancaster holds a juris doctorate degree from the University of Michigan Law School and a bachelor of arts degree from Albion. He was most recently a principal with the law firm Miller, Canfield, Paddock & Stone at Lansing. He replaces Charles Fiedler, who had served as MEDC's interim legal counsel since 1999.

MEDC Publication Wins Award: *Michigan Business Report* (MBR), the bimonthly business publication of the Michigan Economic Development Corporation, was recently named a winner of the Crystal Award of Excellence in The Communicator Awards 2004 Print Media competition. The annual international competition is sponsored by Communicator Awards of Arlington, Texas. It recognizes outstanding companies and individuals in advertising and public relations, corporate communications, education and government as well as designers, writers, video production professionals and broadcast and cable operations. Selections are based on talent that exceeds a high standard of excellence and quality of work that serves as a benchmark for the industry. *Michigan Business Report*, now in its fifth year of publication, has a mailed circulation of 26,000 and is posted on the MEDC Web site at <http://www.michigan.org>. Articles cover a range of topics on legislative, business and economic issues and feature outstanding Michigan companies, entrepreneurs, community activities and economic development initiatives.

Encouraging Success of Michigan Manufacturers

Manufacturing - Past, Present and Future Report Released: Since the capital area's manufacturing employment peaked at 44,100 in 1979, employment has fallen by more than 20,000 jobs, and of the 7,000 manufacturing jobs lost between 1994 and 2003, only 21 percent of the job losses are tied to trade, according to a new report by Capital Area Michigan Works! In May, Capital Area Michigan Works! partnered with the Regional Economic Development Team to release *Manufacturing - Past, Present & Future* at a luncheon in Lansing. The report, featuring an introduction by Governor Jennifer M. Granholm, details manufacturing employment trends in Ingham, Eaton and Clinton counties from 1970 to today and looks into the future of manufacturing in the capital area. *Manufacturing - Past, Present & Future* also analyzes the role outsourcing and productivity have played in the dramatic manufacturing job loss in the region. Keynote speaker DLEG Director David C. Hollister addressed 120 guests to highlight the significance of Michigan's manufacturing heritage and to share the state's perspective on encouraging the success of the existing manufacturers. A panel of experts explained the report details to the crowd. Report author Robert Sherer, a labor market research consultant, joined panelists Bruce Weaver, acting director of the DLEG Bureau of Labor Market Information and Strategic Initiatives; Erica Nakfoor, an economic analyst with the DLEG Bureau of Labor Market Information and Strategic Initiatives; and George Erickcek, senior regional analyst for the W.E. Upjohn Institute for Employment Research, to explain the report's findings.

Manufacturing - Past, Present and Future revealed a series of significant findings:

- From 1994 to 2003, approximately 7,000 manufacturing jobs disappeared. Only 21 percent of those job losses are tied to trade.
- The production value of output per worker increased by \$507,000 between 1970 and 2003.
- Worker productivity in local plants increased from 14 vehicles per worker in 1970 to 48 vehicles per worker in 2002, an increase of 243 percent.
- The number of manufacturing firms grew from 329 to 420 between 1970 and 2000. The number of non-manufacturing firms grew from 5,100 to 10,200.

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- More than 50 percent of the tri-county region's manufacturing jobs are in the auto industry, compared with 39 percent in Michigan and 12 percent nationally.
 - Since manufacturing employment peaked at 44,100 in 1979, employment has fallen by more than 20,000 jobs. More than 80 percent of the decline is in the automotive sector.
 - Despite the significant losses in manufacturing employment, the study showed the manufacturing jobs of today and tomorrow are more valuable than in the past. In 1974, manufacturing pay was already 57 percent higher than non-manufacturing, but by 2000 the gap had grown to 81 percent.

"The fact is, there are less manufacturing jobs today than there were yesterday, and there will be even less tomorrow," says Douglas E. Stites, CEO, Capital Area Michigan Works!, "but those remaining jobs will be much more valuable and will in turn require a higher skill set." You can read the report is on the Capital Area Michigan Works! Web site, <http://www.camw.org> by clicking on "Documents" and highlighting "Manufacturing - Past, Present & Future."

Training Assistance Secures 106 Escanaba Manufacturing Jobs: The MEDC is providing a \$50,000 Economic Development Job Training grant to train 106 employees of Engineered Machined Products (EMP) in the Upper Peninsula community of Escanaba. Workers will receive specialized training to increase their skills in manufacturing processes that include statistical process control, project management and CNC programming. The training will help EMP maintain a competitive edge in the global manufacturing marketplace. EMP has chosen Bay de Noc Community College to provide the training to 81 current and 25 new employees. Headquartered in Escanaba, EMP is the #1 manufacturer of diesel engine pumps in North America.

Attracting Entrepreneurs

Great Lakes Entrepreneur's Quest Announces Spring Awards: Nine cash prizes totaling \$93,000 and professional services worth more than \$40,000 were awarded to the winners of the Great Lakes Entrepreneur's Quest (GLEQ) spring cycle competition held at the University of Michigan Business School in Ann Arbor on May 11. Ann Arbor-based SensiGen won the 2003-2004 GLEQ Grand Prize, which included \$50,000 in cash and additional professional services. SensiGen's business plan is to commercialize a non-invasive, gene-based molecular diagnostic that will detect kidney damage at its earliest stage in diabetes and hypertension. Following are the major competition categories and winners:

Emerging Companies: First - SensiGen Corporation (Ann Arbor), second - Polytorex (Ann Arbor), and third - Biopolymer Innovations (Kalamazoo).

New Business Ideas (East Region): First - MetaFuel Technology (Ann Arbor), second - Pixel Velocity (Ann Arbor), and third - Rapid Dry (Farmington Hills)

New Business Ideas (North/West Region): First - The AST Group (East Lansing), second - Qtox (Okemos), and third - TEC Publishing (Oscoda)

Sixty teams competed in the New Business Ideas category, and 16 teams in the Emerging Companies category. The top three Emerging Companies winners received cash prizes of \$50,000, \$15,000 and \$10,000 respectively. First, second and third place New Business Ideas winners were awarded \$5,000, \$2,500 and \$1,500 respectively. All winners also received awards of donated professional services to assist in their business growth.

Governor Granholm and MEDC's Don Jakeway Participate in BioMed Expo: The two participated in the closing reception at BioMed Expo 2004 to speak about Michigan's growing life sciences industry and to honor one of Michigan's successful life sciences startup companies. The event took place at Eastern Michigan University's Convocation Center in Ypsilanti, Michigan. Since the first BioMed Expo in October 2000, this unique one-day event has brought together life sciences entrepreneurs, scientists and academics to explore the growth and development of this important technology sector. This year's honored company is Esperion Therapeutics, a company assisted by the MEDC through the Michigan Life Sciences Corridor initiative and now a division of Pfizer Global Research and Development.

Gov. Granholm Announces Three New Michigan Life Sciences Companies: With the addition of three new Grand Rapids based companies, Michigan has welcomed at least 95 new life sciences companies since the state's concentrated effort to grow the life sciences industry began just four years ago. The addition of these companies cements Michigan's ranking as the fastest-growing life sciences state in the nation in terms of percentage growth of new life sciences companies. "With strong anchor companies like Dow and Pfizer, some of the world's best research universities, and a growing community of entrepreneurs, it is easy to see why Michigan is a magnet for new life sciences companies," Granholm said. "The addition of these three companies is another success for the Technology Tri-Corridor, which is helping to bridge the span between research and development and commercialization." The Michigan Technology Tri-Corridor initiative is administered by the Michigan Economic Development Corporation (MEDC). The new, Grand Rapids-based companies identified by the MEDC are:

- **Avalon Research and Development:** designs and develops disposable medical devices for diverse customers in the health care industry.

- **InforMD:** produces and markets a medical service that provides and documents the informed consent process.

- **Progressive Outcomes:** informatics company that has developed a computer program to help renal care physicians track their patients' progress, improve outcomes and double life expectancy for chronic renal care patients.

Governor and MEDC Reignite Michigan's Role in the International Marketplace: MEDC will be ramping up its international efforts to grow Michigan's economy and land new jobs for Michigan workers. The MEDC's International Development office's twofold purpose will be to attract international investment in the state and expand trade opportunities for Michigan companies. "Our world is getting smaller by the minute," Granholm said. "Michigan is already home to more than 1,000 companies representing more than 20 countries. These include the R&D and technical centers of most of the world's automakers. The International Development office will build on our existing strengths and give Michigan more muscle in an increasingly competitive global economy." The International Development office will serve as the focal point for international business inquiries with the state of Michigan. The staff of 10 includes two current trade directors at Michigan offices in Shanghai and Mexico City. The office's activities will include generating investment and trade leads, promoting the advantages of Michigan locations for international investors, and identifying opportunities for Michigan exporters in overseas markets. Michigan ranks eighth in the nation for number of employees supported by U.S. subsidiaries of foreign companies, according to the Organization for International Investment. It is estimated that these companies are responsible for the creation of 244,200 jobs, providing the primary source of income for more than 6 percent of Michigan's private-sector workforce. Approximately 52 percent of these jobs are in manufacturing industries. Total foreign direct investment by U.S. subsidiaries totaled \$82 billion in 2003, more than double the amount in the previous year. The MEDC will continue its relationship with the Michigan Global Partnership, which serves as a major adjunct to the state's international business attraction activities. It is a collaboration of MEDC with 20-plus companies and 30 local economic development agencies marketing Michigan to overseas prospects in Asia, Europe and the Americas. Michigan has maintained an overseas presence for more than 30 years, and the MEDC is investigating the potential benefits of strengthening economic relationships with Canada, Japan, and certain European and South American nations.

Technology Tri-Corridor Competition Narrowed to 53 Finalists for \$24 Million Funding Awards to Spur High-Technology Research, Commercialization: MEDC has narrowed the field of competitors to 53 from 131 in the running for a share of \$24 million in funding from the Michigan Technology Tri-Corridor this year. The funds are made available to spur research, commercialization and job creation in the life sciences, advanced automotive manufacturing, and homeland security industry sectors. Professionals from the prestigious American Association for the Advancement of Sciences (AAAS), the world's largest association of scientists and engineers, reviewed the original 131 proposals, narrowing the field to 53. The finalists are now participating in formal interviews which will serve as the basis for funding recommendations to the Tri-Corridor Steering Committee. The awards are expected to be announced in late June. Proposals were submitted by universities, nonprofit and private research facilities, companies and individuals. More than half of the 53 finalists are working in homeland security or developing technology with anti-terrorism applications. The Technology Tri-Corridor is built on the successful model of the Michigan Life Sciences Corridor. Between 2000 and 2003, the Life Sciences Corridor Fund allocated \$175 million through 96 awards. As a result of the initiative, Michigan's life sciences industry is ranked among the fastest-growing in the nation. Further information is available at <http://www.medc.michigan.org/ttc>.

Building Detroit/Urban Partnerships

Tax Credits to Create Housing, Retail and Entrepreneurial Opportunities in Detroit, Flint and Pontiac: Single Business Tax (SBT) credits offered through the MEDC will help redevelop three industrial brownfield sites in Detroit, Flint and Pontiac, spurring more than \$16.5 million in private investment. "Restoring brownfield properties is essential to continuously developing and revitalizing our urban areas," Granholm said. "These credits will make it affordable for businesses to invest and restore these properties to create jobs and housing opportunities. By attracting new investment, we will make our cities cool places to live and work." Brownfield SBT credits valued at **nearly \$1.7 million** were awarded to the following projects:

Detroit: Wayne State University Research and Technology Park, known as "TechTown," will invest more than \$8.7 million for phase two of the redevelopment of an underutilized building located within the Woodward Technology Corridor SmartZone. The first phase involved renovation of the first and fifth floors of a five-story building located at 440 Burroughs. The former Chevy Creative Services building was donated by General Motors and will house an entrepreneurial center and high-tech business incubator. An SBT credit valued at \$870,000 will facilitate redevelopment of the remaining floors. The project could eventually lead to as many as 1,500 high-tech jobs.

Flint: First Street Lofts LLC will use a \$534,314 credit to help redevelop the upper floors of the former Republic Bank building in downtown Flint into loft apartments. The site is located at 460 South Saginaw Street, within a tax-free Renaissance Zone. It is the first project in an overall plan to convert empty downtown office buildings into housing, and it is expected to spur more than \$5.3 million in private investment.

Pontiac: 1357 South Saginaw Street Real Estate Corp. will use a \$247,535 credit to redevelop a blighted property in downtown Pontiac. The company will invest more than \$2.4 million to renovate the building located at 1, 3, 5 and 7 South Saginaw Street to house retail businesses on the first floor and loft or office space on the second floor. The mixed-use project is expected to create 22 full-time jobs.

Making Broadband Available to Businesses and Citizens

Largest Wireless Broadband Network in the U.S. Being Established in NE Michigan: As a result of a new \$1.3 million loan from the Broadband Authority, Rose City, Michigan-based "M-33 Access" is completing a 10,000 square mile wireless broadband network. Utilizing state-of-the-art equipment from equipment maker Proxim, the network will provide up to DS3 (45 megabit) level backbone support to large customers. The loan will enable M-33 to serve Kirtland Community College and more than a dozen schools in the region, saving these users nearly a million dollars and improving speeds and quality of service. Point-to-point wireless service for residents and businesses will also now be available in this area--serving one of the most rural and under served regions of the state. The expanded network will be up and running by July 1.

ACD.net Expansion Loan Near Completion: The Broadband Authority Board approved a \$1.2 loan to Lansing-based ACD.Net and final closing on the loan. This loan will expand ACD's DSL, voice over IP and other services to several mid-Michigan towns including: Mason, Portland, Haslett and Holt among others.

Michigan Lightwave Loan Application Approved: A Macomb County-based dark fiber provider has received approval from the Broadband Authority Board for an \$800,000 loan to complete a fiber ring in Macomb and northern Oakland County.

Broadband Loan Applications Soar: Roughly \$14 million in nearly a dozen new loan applications are now under review at the Broadband Authority. Combined with loans already closed, nearly 100 communities across the state would see service improved or expanded from these providers if funded.

Study Names Detroit No. 6 in Broadband Penetration: A recent report released by ComScore Networks found that 45 percent of metro Detroit Households that connect to the Internet do so via a broadband connection. San Diego ranked No.1 with 52 percent. Affordability and competition between multiple providers appeared to be the strongest indicators for why these communities ranked high nationally. Grand Rapids was the only other Michigan city mentioned in the study with roughly 30 percent of the households connecting to the Internet in that community doing so via a broadband connection.

Promoting the Michigan Tourism Industry

Governor and Travel Michigan Team Up For Summer Tourism Tour: Governor Granholm and Travel Michigan announced that the weeklong "Travel Michigan Hidden Treasures Showcase" kicked off on June 6 in the Upper Peninsula. The tour highlighted a sampling of Michigan's lesser known attractions, landmarks, museums, events, restaurants and other state destinations ideal for summer travel. The tourism tour's goal is to increase travel by Michigan residents to the many and varied attractions, events and destinations in the state and to get Michiganders to spend their summer vacations and summer vacation dollars in Michigan. The tour ran June 6-11 and featured two to three daily stops with the Governor highlighting a sampling of attractions and recreational opportunities in different parts of the state. The destinations included:

- Alpena - a visit to the Thunder Bay National Marine Sanctuary and Underwater Preserve
- Benton Harbor - a tour of Mary's City of David
- Brooklyn - Governor Granholm and special guest Jeff Gordon take to the race track at the Michigan International Speedway
- Cambridge Junction - Governor Granholm presented the US-12 Heritage Group with a special designation at the Walker Tavern Historic Complex
- Eau Claire - a visit to Tree-Mendus Fruit Farm for a Cherry Pit Spit Competition
- Farmington Hills - a tour of the new Holocaust Memorial Center
- Hillman - an elk-viewing wagon ride at Thunder Bay Resort
- Holland - a shopping excursion to downtown Holland
- Houghton / Hancock - an Upper Peninsula kayaking journey
- Indian River - a river-rafting outing
- Kalamazoo - a tour of the International Space Station in 3D and F-18A Hornet full motion simulator at the Kalamazoo Air Zoo
- Marquette - a tour of the Marquette Maritime Museum and a performance at the Lake Superior Theatre
- Midland - a bicycle ride along the scenic Pere Marquette Rail-Trail of Mid Michigan
- Muskegon - a tour of the Hackley Home, a historic site of the Muskegon County Museum, one of the rare intact Queen Anne-style housing complexes in the region
- Owosso - a train excursion aboard the Pere Marquette 1225, a historic passenger train, better known as the steam locomotive in the book *The Polar Express*
- Saginaw - a flat-bottom boat ride through a wetland for migratory waterfowl at the Shiawassee National Wildlife Refuge
- Saugatuck - breakfast at The Belvedere Inn Restaurant and Bed & Breakfast.
- South Haven - a camping experience at Van Buren State Park.



The Governor (center) visited Marquette June 6 as part of the Travel Michigan Hidden Treasures initiative to promote tourism. The initiative focuses on affordable family fun to encourage Michigan residents to vacation close to home and more Midwest visitors to vacation here as well.

Creating Cool: The Economy of Arts and Culture

Proof Positive - the Arts and Culture Are a Driving Economic Force: In case you haven't heard, the arts and culture industry is at the vanguard of the new economy movement. In this and future issues of the newsletter, the Michigan Council for Arts and Cultural Affairs (MCACA) will offer a few reasons why, including:

- According to the Center for Arts and Public Policy at Wayne State University (<http://www.capp-wsu.org>) in its report *The Michigan Arts and Culture Industry: A Demographic and Economic Profile*, the economic impact of the for-profit and nonprofit arts and culture industry in Michigan in 2001 was \$46 billion, representing over 28,000 businesses in the state. Arts and culture ranked third behind the manufacturing and retail trade industries in terms of contributions to Michigan's economy, outranking the construction, health services, utilities and real estate industries.

- In the paper titled *The Role of Arts in Economic Development*, the National Governor's Association (<http://www.nga.org>) cited a survey of 1,200 high-technology workers, stating that the second most important factor in attracting workers to a new job was community quality of life, right behind salary and more important than benefits, stock options or even company stability.

New Detroit Districts to Spur Investment in Historic Buildings: Four new historic districts in Detroit will be listed in the National Register of Historic Places by the end of 2004, making the owners of income-producing historic buildings in these districts eligible to use the upper-tier federal investment tax credits for rehabilitating their buildings. The Jefferson-Chalmers Historic Business District, comprised primarily of older commercial and apartment buildings along and near East Jefferson Avenue at the east edge of the city, has already been submitted to the national register for listing. The Broadway Avenue Historic District, containing 11 historic commercial buildings located along a one-block stretch of Broadway Avenue in downtown Detroit,



The owner of this property, located in the Broadway Avenue Historic District, could peel off this metal cladding and rehabilitate the historic building, taking advantage of historic preservation tax credits.

Libraries has also defined boundaries for a national register historic district in Portland's central business district. A national register nomination will be prepared this summer and the district should be listed in the register by November or December 2004.

was nominated to the national register May 7 and should be listed in the register by July or August. Two additional districts in Detroit - the Cass Park Historic District, which includes historic commercial, apartment, and institutional buildings located around the park and near the Masonic Temple, and an expansion of the existing Palmer Park Apartment Buildings Historic District, located off McNichols near Palmer Park, to encompass buildings omitted from the original district - will be nominated to the national register in September and should be listed during November or December. The State Historic Preservation Office in the Department of History, Arts &



Buildings in the Broadway Avenue Historic District will be eligible for federal historic preservation tax credits once the district is listed in the National Register of Historic Places.

Michigan Week Salutes the Great Lakes State: In special tribute to the first Michigan Week 50 years ago, the 1954 tag line - "This is YOUR Michigan!" - is being used for 2004. Michigan Week was officially kicked off with a special event May 12 on the Capitol steps. Governor Jennifer Granholm attended as Michigan Week honorary chair, and the ceremony included music and an awards presentation. This year's Michigan Week renewed a tradition that had wavered in recent years, the designation of "theme days" that allow for more targeted planning of events and activities, including Main Street Day, Arts and Culture Day, Government Leadership Day, Volunteer Day, Resources and Recreation Day, Heritage Day and Business and Technology Day. Michigan Week was created in 1954 by the late Don C. Weeks, who was director of the Michigan Department of Economic Development, as a means to promote the state's many resources and accomplishments. The statewide festival, now coordinated by the Michigan Department of History, Arts and Libraries, is held each May and features parades, historical reflections, recognition of volunteer efforts, and educational and recreational opportunities.



Promoting Safe Workplaces

MIOSHA Informs All Construction Employers They Are Required to Provide Asbestos Awareness Training: The Michigan Occupational Safety and Health Administration (MIOSHA) is informing all construction companies that they are required by law to provide asbestos awareness training for their employees who may contact, but do not disturb, asbestos-containing materials. A recent study by an environmental research group concluded that 10,000 Americans die each year from asbestos-related disease – and that many of the victims are in the construction trades. Common products that contain asbestos are pipe insulation, floor and ceiling tile, spray-on fireproofing and boiler wrap insulation. Inhalation of airborne asbestos fibers can cause lung cancer, a lung disease known



as "asbestosis," and mesothelioma, a cancer of the chest and abdominal cavities. The MIOSHA Asbestos Program is launching an extensive education awareness campaign to address and prevent inadvertent exposure of employees and the general public to airborne asbestos fibers. Employees such as mechanical systems workers, plumbers, HVAC workers, elevator maintenance workers, construction site cleanup workers, electricians, and others, may come in contact with asbestos-containing material and, therefore, must receive asbestos awareness training. This training ensures that construction workers can recognize asbestos hazards and know not to disturb the material. The training must be at least two hours in length and must be conducted annually by qualified individuals.

If a company's work activities require employees to actually disturb asbestos-containing material, additional training, work practices and engineering controls are mandated. As part of the awareness campaign, the Asbestos Program is mailing information to 25,000 construction companies, informing them of the training requirements. A list of approved asbestos training providers is available on the Asbestos Program Web site at <http://www.michigan.gov/asbestos>. The MIOSHA Consultation Education and Training (CET) Division is conducting a significant outreach initiative with the Asbestos Program to provide training. For dates, locations, and partnering opportunity information, call CET at 517.322.1809. For more Asbestos Program information, call Asbestos Program Training Coordinator Susan Baldwin or Asbestos Program Manager George Howard at 517.322.1320.

MIOSHA Recognizes Businesses for Exemplary Workplace Safety & Health: MIOSHA recently presented awards for outstanding safety and health. Recent recipients include:

Textron Fastening Systems' Holly Operations – Gainey Road facility received the Rising Star Award for an outstanding safety and health record from MIOSHA. The Michigan Voluntary Protection Program's (MVPP) Rising Star Award is given to companies that have an outstanding safety and health management system in place and have the desire and commitment to achieve the highest level, the Michigan Star Award. Only employers with the best safety and health programs are eligible for the MVPP Program. MVPP Star sites must have incidence rates and lost work day rates below the Michigan average for their SIC codes for three years. Areas of excellence at the Holly Operations facility include: Excellent machine guarding, "tool stations" at each press for hand tool storage, barriers installed around loading docks, under-floor conveyor system to eliminate lifting and hauling scrap, excellent housekeeping, and extensive audit/inspection requirements. The Holly Operations – Gainey Road facility employs 35 workers and produces metal washers for the automotive fastener industry. Five to seven million washers are produced every day.

Huntsman Corporation, Auburn Hills Facility, received the Michigan Voluntary Protection Program (MVPP) Star Award for excellence in workplace safety and health programs. Their environmental, health and safety protection policy states: "It is the responsibility of both management and associates to operate safe, clean and efficient facilities in an environmentally and socially responsible manner." This policy is posted at the facility and included in the Environmental, Health and Safety Procedures Manual. The Auburn Hills site is the Research and Development Center for the Huntsman Polyurethanes Division. With 77 employees, the Auburn Hills site includes business and commercial management and technical staff for the global specialties business, and advanced materials business, as well as commercial staff for the Huntsman Polymers Group.

TRW Automotive Inc., Brighton Facility, received the Michigan Voluntary Protection Program (MVPP) Star Award. This is TRW's fourth Star site in Michigan; they also have Star sites in Arizona and Tennessee. TRW's Health Safety Environment (HSE) policy states: "At TRW Automotive, we are committed to protecting the environment and the people where we live and work." Their safety and health activities include quarterly inspections, employee training, incident investigations, safety audits, a weekly newsletter, an HSE budget and staff, and integration of safety and health issues into general operations. Employees are actively involved in the safety and health activities and have worked hard to qualify for the MVPP award. The Brighton plant has an exceptional ergonomics program. BRIEFs (Baseline Risk Identification of Ergonomic Factors) have been performed for all equipment and processes. The Brighton facility has 160 workers, and UAW Local 174 represents the employees. The plant produces anti-lock brake systems (ABS) and vehicle stability control systems for the automotive industry and has been in operation for 34 years.



Employees at the Textron Fastening Systems' Holly Operations – Gainey Road facility show off the MIOSHA Rising Star Award they received for an outstanding safety and health record.

Protecting the Environment

Michigan Energy Office Awards Biodiesel Infrastructure Grant to City of East Lansing: The city of East Lansing will receive a biodiesel infrastructure grant from the State Energy Office. East Lansing is the latest in a growing number of cities nationwide that are integrating biodiesel into their fleet operations. This grant will enable the city to enhance its planned fueling facility with a pump and tank for biodiesel refueling. The \$24,500 grant will be applied to one of two 25,000 gallon underground storage tanks for East Lansing's new fueling facility. Terms of the grant specify that three years of biodiesel fueling from that tank will begin in April 2005. City of East Lansing Environmental Specialist Dave Smith estimates the city will consume approximately 125,000 gallons of biodiesel fuel during the grant period. Biodiesel is a cleaner-burning fuel that can be made from domestic renewable resources such as vegetable oil. It can be used in any diesel engine with few or no modifications. The fuel can be burned in its pure form (B100), or blended with petroleum diesel at any level. Many fleets like East Lansing's have successfully moved to B20 (a mix of 20 percent biodiesel and 80 percent diesel, which is accepted by most engine manufacturers). Recent experiences with biodiesel in Michigan school buses suggest that biodiesel's cleaning properties extend time between oil changes and actually lead to increased fuel efficiency. The city of East Lansing is a member of the Greater Lansing Area Clean Cities Coalition, a group of government and private fleets that commit themselves to advancing domestically abundant alternative fuels to promote local economic and environmental well-being as well as national energy security. Funding for this biodiesel grant was made available through a grant from the U.S. Department of Energy.

State of Michigan Awards \$90,000 in Grants to Assist Michigan Farmers With Wind Energy Development: The DLEG Energy Office has awarded grants to Michigan State University Extension and the Grand Traverse County Extension Office to assist Michigan farmers with wind energy development opportunities. Michigan State University and county extension offices will assist farmers to evaluate the economics of installing their own wind generators or leasing their land for commercial wind generators. Michigan State University will receive a U.S. Department of Energy (DOE) grant of \$75,000 to:

- ◆ adapt existing wind energy materials to the needs of Michigan farmers,
- ◆ work intensively with early adopters,
- ◆ develop a computer model for evaluating the economics and risks of a wind power investment,
- ◆ conduct workshops on wind power and,
- ◆ support travel to wind generator sites so farmers can see wind generators in operation.

A \$15,000 DOE grant to the Grand Traverse County Extension Office will provide financial support for county staff to be active in the state program. For more information about wind energy, visit the Energy Office Web site at:

<http://www.michigan.gov/eorenew>.

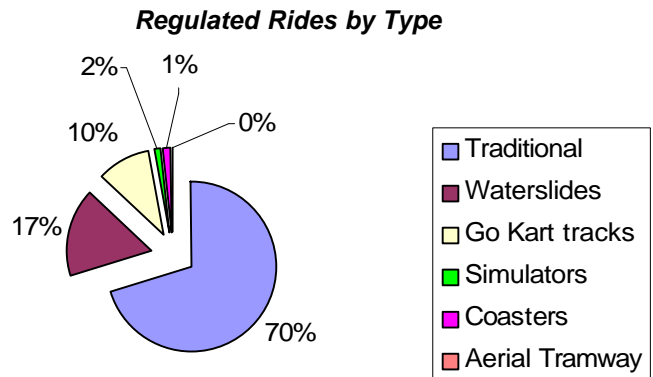
Protecting Michigan Consumers

MPSC Finds Detroit Edison's 2004 Summer Capacity Plan Deficient, Directs Company to Use a Higher Standard: The Michigan Public Service Commission (MPSC) issued an order on June 3 finding that the Detroit Edison company's summer 2004 capacity plan is deficient, reflects less than thorough planning, and falls short of the Commission's expectations. The order reminds Detroit Edison that it is fully responsible to fulfill its obligations to its retail customers to provide reliable electric service. The commission also directed Detroit Edison to use a higher standard in planning to meet its projected demand. "Detroit Edison customers deserve to feel confident that their electric utility has done everything necessary to keep the power on as we approach the summer months," said MPSC Chair J. Peter Lark. Detroit Edison on March 31 filed its 13-page assessment of its ability to meet customers' expected electric requirements in 2004. The company asserted that it was unable to obtain firm transmission capacity needed to serve the projected demand of its southeastern Michigan customers for summer 2004. Because Detroit Edison in its report claimed that it was unable to obtain firm transmission rights to move 875 megawatts of power and was therefore forced to rely on its own affiliates, the MPSC staff assisted with efforts to secure over 600 megawatts of firm transmission rights with the Midwest Independent System Operator (MISO). The Commission also notes that Detroit Edison should have identified other supply options before concluding that it would be required to purchase electric supplies from its affiliates. In a separate order (U-14138), the commission granted Detroit Edison limited authority to purchase up to 300 megawatts from two of its affiliates for the summer of 2004.

2004 Buyers Guide to Auto Insurance Makes It Easier for Consumers to Shop Around: Office of Financial and Insurance Services (OFIS) Commissioner Linda A. Watters issued the new and improved *2004 Buyers' Guide to Auto Insurance*. "There are new features in this year's guide that will make it easier for consumers to shop for their best deal on auto insurance," Watters said. "They include a list of possible discounts for consumers to ask insurance agents about, and worksheets for use when comparison shopping." The guide, which also contains the annual survey information of automobile insurance companies and their rates in different areas of the state, is available at <http://www.michigan.gov/ofis> under Publications, Guides, Automobile Insurance or by calling (877) 999-6442. Another important resource for consumers is the interactive version of the buyers' guide, which also can be found on the OFIS Web site. It allows users to choose a profile that most closely fits their situation and location to get a general idea of rates for auto insurance. The user can review sample rates for a select list of companies or review rates for all auto insurance companies in Michigan. More information on automobile insurance also is available on the home page of the OFIS Web site by clicking on the "Don't Buy Auto Insurance Until You Read This" icon. This link will connect a user to many topic areas that pertain to purchasing auto insurance. Watters also has initiated a study to determine if competition exists in the Michigan insurance marketplace and if rates are excessive as defined by Michigan law. A report is expected this summer.

DLEG Provides Tips for Enjoying Carnival-Amusement Rides Safely: DLEG offers some tips to help keep families safe while having fun this summer. The DLEG Bureau of Commercial Services and its Michigan Carnival-Amusement Safety Board are responsible for the inspections of approximately 900 rides located at traveling shows, amusement parks and fixed locations. The state regulates a variety of amusement rides in both fixed and mobile locations.

These include not only the traditional merry-go-rounds and ferris wheels but also roller coasters, water slides, simulators and go-karts. "Michigan has seen a trend in fewer accidents reported in recent years on the state's amusement rides, and we are hoping this summer is no exception," DLEG Director David C. Hollister said. "So far this year through May 20, we've had four accidents reported, and we want to keep that figure as low as possible to protect the safety of our families. Most accidents are the result of rider error rather than mechanical failure, so it's important for people to follow the simple, common-sense rider safety requirements to protect themselves and the safety of those around them." State law requires parents and guardians to make the judgment that their charges meet the rider restrictions and are physically able to ride. Parents and riders should take note of the rider restrictions that are posted at every ride in the state of Michigan. This information comes from the ride's manufacturer, but may be more restrictive if the operator chooses. Inflatable devices such as "Moonwalks" and air-supported slides are increasingly common, but they are not covered by the Michigan Carnival-Amusement Safety Act. Parents and users of these devices should exercise caution before riding. Most accidents on these rides are due to inadequate operations such as too many riders using a ride at the same time, roughhousing or substandard anchorages (either weights or tethers). The state law requires consumers to promptly report any injuries before leaving the premises. Consumers should notify the ride owner or operator, the amusement park or sponsoring organization, and the DLEG Carnival-Amusement Safety Board. The DLEG Carnival-Amusement Safety Board Consumer Complaint Hotline is (517) 241-9202. For a list of 2004 county fairs, a list of mobile operations, and other carnival information, please visit <http://www.michigan.gov/amusement>.



Public Hearings Announced on Proposed Rules to Cut Insurance Base Rates by Banning the Use of Credit Scores: Office of Financial and Insurance Services (OFIS) Commissioner Linda A. Watters announced that four public hearings on the proposed rules to ban the use of credit scoring in setting automobile and home insurance rates will be held throughout the state. "I proposed these rules because I believe that using credit scores to determine insurance rates is unfair and does not conform with the requirements of the Essential Insurance Act," Watters said. "These public hearings will give citizens an opportunity to voice their opinions on the issue. I am eager to hear what people from across Michigan have to say."

The dates, times, and locations of the public hearings are:

Monday, July 19 (LANSING) - 1 p.m. at Forum, Ground Floor Michigan Library and Historical Center, 702 West Kalamazoo Lansing. Parking in adjoining lot. Accessibility assistance phone (517) 373-4454. Parking in adjoining lot.

Wednesday, July 21 (GRAND RAPIDS) - 1 p.m. at Grand Rapids Commission Chambers, 300 Monroe Ave. NW, Grand Rapids. Parking under building. Accessibility assistance phone (616) 456-3027.

Monday, July 26 (DETROIT) - 1 p.m. at Cadillac Place, Room L500, 3044 West Grand Blvd., Detroit. Parking within one block off Grand & Cass. Accessibility assistance phone (313) 456-4001.

Wednesday, July 28 (FLINT) - 1 p.m. at City Hall, Third Floor Council Chambers, 1101 South Saginaw, Flint. Parking off 7th Street. Accessibility assistance phone (810) 766-7430.

The proposed ban on the use of credit scoring in setting insurance rates is scheduled to take effect January 1, 2005. OFIS has estimated that insurers will be required to roll back base rates between 10 and 45 percent when the proposed rules take effect. The proposed rules (Rule Set 2004-022LG) are published on the Michigan Government Web site at <http://www.michigan.gov/orr> and in the July 1, 2004, issue of the Michigan Register. Comments may be submitted to the following address by 5 p.m. on July 30, 2004. Copies of the draft rules also may be obtained by mail or electronic transmission at the following address: Office of Financial and Insurance Services Policy Division, Department of Labor & Economic Growth, P.O. Box 30220, Lansing, MI 48909-7720 E-mail: WSNelson@michigan.gov or fax: 517-335-1727, attention: Wendy Nelson.

Making Health Care More Accessible and Affordable

OFIS Helps the Uninsured: Commissioner Linda A. Watters issued a press release during national Cover the Uninsured Week (May 10-16) to remind uninsured Michigan residents that help may be available through OFIS. "If you think your policy was wrongly canceled, OFIS can investigate whether the insurance company acted within the bounds of the law. We can also supply consumers with good information on how to shop for insurance, and provide information about Blue Cross Blue Shield Michigan, which is required to provide insurance to any Michigan citizen, along with a referral to other government agencies that may offer assistance," Watters said. For more information, see Financial and Insurance Services Press Releases posted at <http://www.michigan.gov/ofis>.

Commissioner Watters Continues Efforts to Sell The Wellness Plan and OmniCare: Ingham County Circuit Court Judge James R. Giddings recently approved Office of Financial and Insurance Services (OFIS) Commissioner Linda A. Watters' plan to sell the assets of OmniCare to Coventry Health Care. Commissioner Watters is the rehabilitator of OmniCare. "The court's ruling is an opportunity to move forward toward the goal of ensuring continuity of care to OmniCare members and maximizing the payment of claims to providers," Watters said. She also said she expects Coventry to implement a smooth transition process that will reassure both members and providers. Although Ingham County Circuit Court Judge William E. Collette approved Commissioner Watters' plan to sell the assets of The Wellness Plan to AMERIGROUP, the company subsequently terminated the letter of intent it signed on April 1, 2004, to purchase The Wellness Plan. AMERIGROUP wanted to renegotiate rates with the state, but their effort was rejected and they pulled out of the deal. Despite the fact that AMERIGROUP withdrew its offer, OFIS has implemented a new bid process, which has been approved by the Ingham County Circuit Court. "Not only has their conduct resulted in unnecessary disruption, but it also has wasted valuable time and resources that could have been better spent pursuing serious offers," Commissioner Watters said. "As I've stated throughout this process, as rehabilitator, my focus continues to be on ensuring both continuity of care to plan members and providing reimbursement to the provider community. We will take whatever steps are necessary to ensure that this process goes as smoothly as possible," she added. For more information about OmniCare and The Wellness Plan, see the Financial and Insurance Services Press Releases link at <http://www.michigan.gov/ofis>.

Cutting Through Red Tape for Businesses & Workers

Disputed Unemployment Claims Backlog Eliminated: The Unemployment Insurance Agency has licked a major problem by eliminating its backlog of problem unemployment claims. These were claims that required review and adjudication by claims examiners to determine if the workers were entitled to unemployment benefits. These claims often involved job separation issues such as a firing or resignation. The situation, caused by events in late 2002, created a hardship and uncertainty for many unemployed workers. At one point, more than 100,000 problem claims were in backlog. Now, the backlog of problem claims has been reduced to its normal six- to eight-week processing time. UIA claims staff worked long and hard to reduce the backlog, and as a result, UIA has virtually eliminated mandatory overtime.

UIA's New Automated Work Distribution System Goes Into Full Operation and Earns National Award: UIA has taken a major leap forward in improving the efficiency of the workflow for adjudicating problem unemployment claims. The newly developed automated work distribution system (AWDS) is now up and running in all three of the agency's Remote Initial Claims Centers (RICCs) and is being used by about 170 UIA staff involved with claims adjudications. Basically, AWDS is a work router. It automatically assigns claims in need of adjudication to available staff throughout the three RICCs. But AWDS does more than just assign work; it assigns claims to staff according to their ability to do the work. In other words, more involved cases are automatically assigned to staff that have the skill and experience to handle the work. Less difficult cases are assigned to those with less skill and experience. UIA's automated work distribution system started garnering national interest even before the system was fully implemented. FileNet Corporation named the AWDS project as one of its Innovation Award Winners for 2003. Each year FileNet recognizes the contributions made by its worldwide partners and selected AWDS in its government category. Together UIA RICC staff and Electronic Data Systems (EDS) developed AWDS. UIA staff created and directed the system, while EDS built it.



Workers' Comp Continues to Reduce Its Paperwork: The Compensation Advisory Organization of Michigan (CAOM) and the Workers' Compensation Agency (WCA) have reached an agreement on the standards that will be used for Electronic Data Interchange (EDI) of insurance coverage data. CAOM is a rating bureau for the state's workers' compensation insurance industry, and all insurance companies are currently required to file policy information with them as well as the WCA. Once EDI has been implemented, carriers will no longer need to file paper forms with the WCA, as CAOM will electronically transmit proof of insurance coverage information directly to the agency. Farm Bureau Insurance Company has agreed to be our beta test carrier, and we anticipate an implementation date sometime in the third quarter of 2004. Once that has been done, other companies will be phased in one at a time. In 2003, the agency processed over 250,000 POC forms and estimates that it will eventually eliminate up to 90 percent of these hard-copy forms through the use of EDI. Currently, agency staff must open, sort and microfilm the forms as they arrive. The information must then be data-entered into the agency's mainframe database. Earlier this year, the agency started using EDI to accept electronic filings of 114 forms, which contain data about cost of living adjustments paid on certain workers' compensation claims.

Problem Resolution Office Opens in Lansing: UIA officially opened its first problem resolution office (PRO). The office, which is located on S. Cedar Street in Lansing, helps unemployed workers resolve problems they may have with their unemployment insurance claims. The office has a five-person staff. The location also houses staff from the Claimant Customer Relations office, which responds to questions called in on the agency's customer relations hotline. UIA will also have problem resolution offices in Marquette, Gaylord/Grayling and the Detroit metropolitan area.

Federal Overtime Rules to Take Effect: The U.S. Department of Labor (USDOL) has issued changes to overtime pay protections. The new "FairPay" rules guarantee overtime protection for workers earning less than \$23,660 a year, or \$455 per week. The new rules also strengthen overtime protections for police officers, fire fighters, paramedics, and other first responders and licensed practical nurses. As before, certain white-collar executives, administrators and professional employees are not entitled to overtime. For example, highly compensated employees performing office or non-manual work and earning \$100,000 or more a year are exempt from overtime protection. Changes in the regulations that govern overtime pay will take effect on August 23, 2004.

UIA Makes Unemployment Insurance Information Available in Spanish: The Unemployment Insurance Agency has made it easier for Spanish-speaking workers to understand the state's unemployment benefit program by producing a Spanish-language version of its widely used "Unemployment Benefits in Michigan" booklet. The booklet has been added to the publication area on the agency's Web site (<http://www.michigan.gov/uia>). "Spanish-speaking workers can go to the site anytime, any day and read the publication online or print it out," DLEG Deputy Director Dave Plawecki said. The booklet gives a detailed explanation of the state's unemployment program, describe workers' rights and responsibilities, and tells them how to use the automated telephone-based MARVIN system to certify their eligibility. In addition to the new unemployment benefit booklet, UIA also has Spanish-speaking staff available, has contracted with a telephone translation service with access to 140 languages, and has a Spanish-language fact sheet that describes in simple terms the application process for unemployment benefits.

Advocacy Program Implements New Database System: UIA's Advocacy program has significantly improved the way it tracks its workload by implementing a new Oracle database system in early April. The system tracks all of the cases that are opened and closed by program advocates. It also handles billings from advocates for their services. The new Oracle system replaces an Access database system and is already proving to be much faster, easier and more reliable. Staff data-enters new cases into the Oracle database and records when cases are opened and closed by advocates. The system also maintains an updated list of advocates and rotates the names each time a list is printed to ensure that every advocate's name appears at the top of the list sooner. A list of advocates and their profiles is prepared whenever the program receives a request for assistance. The requester uses the list and profiles to select an advocate. In addition, Oracle automatically prepares information letters to both parties when a case is opened and prints the proper program fact sheet for mailing to the party requesting Advocacy services. The Advocacy program, which is unique to Michigan, offers independent advocates to help unemployed workers and employers with hearings before administrative law judges or the Michigan Employment Security Board of Review. At no cost to the employer or worker, the advocates provide information, consultation and representation services.



Developing a 21st Century Workforce

High School Students With Disabilities Will Be Linked With Careers in Technology: High school students with disabilities across Michigan will have more opportunities to enter careers in technology under a new federally funded initiative administered by the Michigan Department of Labor & Economic Growth (DLEG), Director David C. Hollister has announced. The U.S. Department of Labor has awarded a five-year renewable grant of \$225,000 to support the project, called MI CONNECTIONS.

"Our intent is to increase the number of young people with disabilities who complete high school and enter high-tech and technology-related employment or further education," Hollister said. "We are committed to building a state that will encourage our young adults to remain in the state as productive workers. Within our department, the Commission for the Blind and Michigan Rehabilitation Services are working closely with the Department of Education to implement the program." Participating students will take industry tours, job-shadow workers in low- and high-tech fields, and serve as interns. They will also be provided with mentors and academic tutors, as needed, Hollister said. He noted that local implementation sites will be a collaborative arrangement among local school districts, technical centers, community colleges, Michigan Works! service centers, centers for independent living, and community rehabilitation organizations. Kent Intermediate School District is conducting a MI CONNECTIONS pilot, which will serve as a model for other MI CONNECTIONS sites across Michigan. Hollister said the Governor's Workforce Commission has committed to the project through the Michigan Works! Association. Other partners include the Michigan Statewide Independent Living Council, Michigan Rehabilitation Council, Michigan Commission on Disability Concerns, and Michigan Disability Rights Coalition. SVRC Industries Inc., a Saginaw-based nonprofit employment and training organization, is serving as the fiscal agent for the program. Marcie Alling of Lansing, formerly with Work Skills Corporation in Brighton, has been hired to manage the statewide project. Alling can be reached at (517) 335-0390.

MRS Assists Michiganians with Disabilities into Employment: In April 2004, Michigan Rehabilitation Services (MRS) assisted 806 Michiganians with disabilities into jobs. During the same period, 173 employers were provided with disability-related services, such as referral of job candidates with disabilities and assistance with ergonomic issues.

Workforce Transition Section (WTS) Assists Employers and Displaced Workers: In the last month, the Workforce Transition Section (WTS) responded to 20 notices of planned plant closures or mass layoffs through eight rapid response meetings with employers and union representatives in response to receipt of a Worker Adjustment and Retraining Notification (WARN) notice, letter, phone call, newspaper article, or other means of notification. A brief overview of available dislocated worker services was given, and depending on the number of jobs impacted, a formal on-site Rapid Response Team Meeting was scheduled or arrangements were made for the local Michigan Works! Agency to meet with the affected employees to provide information on available services. Other services provided:

- Responded to 90 phone calls and 35 e-mails from individuals, company/union representatives, and service providers who requested information or clarification of issues related to the WARN Act and dislocated worker services.
- Participated in four Joint Adjustment Committee (JAC) meetings. JACs are labor/management committees established to provide a more proactive, participatory response to large plant closings or mass layoffs.

The Office of Adult Education Meets with Literacy Council and Program Leaders: The Office of Adult Education staff met with 38 directors from various literacy councils and programs March 26 in Lansing to provide an overview of the Office of Adult Education and the federal grant process. Current issues concerning the future of adult literacy in Michigan were also discussed.

Office of Adult Education Conducts Five Compliance Reviews: The Office of Adult Education conducted on-site compliance reviews for five adult education schools/providers: Mott Adult High School in Flint, Southgate Adult & Community Education, Godwin Heights Learning Center, Ferndale Public Schools and Grand Rapids Public Schools. The purpose of compliance reviews is to ensure that adult education schools/providers that receive federal and state funds are in compliance with all applicable federal and state laws, rules, regulations, policies and procedures; that funds have been expended appropriately; and that performance goals are achieved. Compliance reviews also help adult education providers monitor and evaluate their programs to improve performance outcomes for adult learners.

Youth Leadership Forum Helps High School Students With Disabilities Become Leaders of Tomorrow: The fifth annual Michigan Youth Leadership Forum for high school students with disabilities was held June 13-17 at Michigan State University. Thirty-four students from across the state were selected through a competitive application process and attended at no cost to their families. The forum program is based on mentor relationships and developing leadership by example. Successful adults with disabilities serve as mentors in their roles as program presenters and small group leaders. DLEG's Michigan Commission on Disability Concerns coordinated the event with numerous partners and supporters. General Motors donated \$20,000 to the forum for the fifth year. "General Motors and the GM Foundation are pleased to support programs and organizations such as the Michigan Youth Leadership Forum that make a meaningful contribution to the quality of life for all people," said Lorna G. Utley, GM Public Policy and Community Relations director. "Through the forum, adult leaders, who themselves have learned to be successful in life though challenged by disability, serve as unique role models for young people facing similar circumstances. These high school students, some for the very first time, have the opportunity to network, learn and have fun with others." Additional supporters were the Michigan Department of Community Health (MDCH), MDCH's Children with Special Needs Fund, Family Independence Agency, Peckham Industries Inc., and Michigan Rehabilitation Association. For more information about the Michigan Youth Leadership Forum, contact Barbara Barton at (517) 334-8000 or bartonb2@michigan.gov.

Governor Granholm Names Patrick Cannon State ADA Coordinator: Governor Granholm announced that she has selected Patrick Cannon, executive director of the Michigan Commission for the Blind, to serve in the position of State Americans with Disabilities Act (ADA) Coordinator. As State ADA Coordinator, Cannon will be responsible for coordinating cooperative efforts among state departments and agencies related to compliance with state and federal disability rights laws. Previously, Cannon served as director of the Michigan Commission on Disability Concerns for 10 years where he was instrumental in gaining passage of the 1990 amendments to the Michigan Handicappers' Civil Rights Act and advocated for enactment of the Americans with Disabilities Act. Cannon was appointed by President Clinton in 1995 to the U.S. Access Board, an independent federal regulatory agency whose mission is accessibility for people with disabilities. He served as chair in 1997 and 1998 and was re-appointed for a second four-year term in 1999. In addition to his new responsibilities as State ADA Coordinator, Cannon will continue to serve as director of the Michigan Commission for the Blind. The State ADA Coordinator position was created by Governor Granholm under Executive Order 2004-31. Under the order, the coordinator will serve as the state's primary liaison with departments and agencies on matters of compliance with state and federal disability rights laws. ADA coordinators designated for each state department will work in conjunction with the State ADA Coordinator. The Office of the State Employer will retain primary responsibility for compliance with state and federal disability rights laws on matters relating to state employment. "This Executive Order and the State ADA Coordinator will enhance coordination of the development and implementation of public policy and the design and delivery of public services for persons with disabilities and lead to better compliance with state and federal disability rights laws," Granholm said.



Patrick Cannon

Michigan Regional Skills Alliances Grant Initiative Announced: Governor Jennifer M. Granholm and Director David C. Hollister announced that the state of Michigan, with assistance from the Charles Stewart Mott Foundation, will provide one-year startup grants totaling \$1,050,000 for the initial development of up to 12 Michigan Regional Skills Alliances (MiRSAs) across the state. MiRSAs are part of the Governor's seven-point plan for making Michigan an economic powerhouse of the 21st century. MiRSAs are locally managed partnerships formed to address strategic workforce issues affecting groups of firms operating in the same industry within a specific geographic region. "We must all work together within our industries and within our regions to identify the workforce-related barriers to growth and to overcome them," said Granholm. "By better understanding the challenges faced by key industries, we can forge solutions that benefit both businesses and workers." The objective for the MiRSA pilot program is to assist local areas in developing industry-based partnerships that will promote the economic health and welfare of local businesses and workers. In a time of rapidly changing and competitive challenges, employers must quickly and accurately diagnose problems and identify strategies for addressing them. Historically, the public workforce system has not been structured in a way that allowed for great flexibility in dealing with such issues. Because companies in the same industry have common needs and opportunities, they can pool their resources and expertise to find solutions that will help everyone in the region. When all local businesses and workforce-related organizations within a sector deal with the same issues simultaneously, solutions are more effective as well as more cost-effective. As a part of the application process, bidders for the 12 grants must demonstrate their credibility with employers. They must also clearly describe the problem or set of problems facing their regional industry and how their alliance will focus on meeting employer needs and improving the ability of people to gain employment from entry level through senior level. Selection criteria will favor applicants who address a higher number of employers and workers. Challenges to be addressed may include worker shortages, skill shortages, training mismatches, recruitment and retention problems, organizational design, marketing needs, licensing and regulatory issues, economic development policies, and/or others. Grant proposals are due July 9. Governor Granholm will announce the grant recipients in late August. Several hundred participants attended MiRSA pre-bid workshops that were held recently in Detroit, Escanaba, Flint, Gaylord, Grand Rapids, Kalamazoo and Lansing. "It's exciting to see the significant interest in MiRSAs among prospective regional partners," said Hollister. "Representatives from business and industry, education, economic development organizations, organized labor, and community-based organizations all came together to learn more about how the establishment of regional skills alliances can make them stronger and more competitive." In addition to conducting pre-bid workshops, the state also recently launched the MiRSA Web site, <http://www.michigan.gov/rsa>, which offers a wide range of resources to prospective bidders as they each develop a local plan of action.
